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ABSTRACT

Cost-saving ideas and strategies for school districts are presented. Superintendents, school business officials, assistant superintendents of personnel and union leaders at 41 of Long Island's 125 school districts responded to a survey soliciting information about successful ideas and strategies they had used to keep cost down. They described what they had done, the method they used to computer cost savings, and to estimate what money was saved through the implementation of this strategy. The strategies used could not cause a loss in educational program or in the quality of education being offered. More than 70 strategies are grouped by the following types: employee benefits, transportation, financial management, insurance/risk management, instructional program practices, personnel practices, plant/facilities management, purchasing, support services, and food service. Each entry contains the title of the strategy, a one-paragraph description, a note on special consideration (e.g., availability of facilities, requirement to negotiate with unions), estimated cost savings, and commentary on each strategy by school business officials and superintendents (e.g., works best in small districts). The appendix includes a newspaper article by one of the authors and the data collection form. (LMI)

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COST SAVING TECHNIQUES

What works for Long Island School Districts

Dennis T. Murphy • Robert E. McKeen

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Dennis T. Murphy
and
Robert E. McKeen

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INTRODUCTION

When Dennis Murphy's article, "Surgery on School Services Can Help District's Save" appeared in Long Island's *Newsday*, in May of 1989, he didn't expect the reaction he would get. School district administrators began calling saying, "Why didn't you use my idea? We're doing many things to save money and lighten the load on the taxpayer!" Their reaction became the stimulus for Dennis Murphy and Robert McKeen to conduct a survey of Long Island's 125 school districts to capture some of the many ideas and strategies that they are using to hold costs down. Letters were sent to superintendents, school business officials, assistant superintendents of personnel, and union leaders at each of the 125 Long Island school districts requesting their ideas. Districts were asked to report upon the idea or strategy they used that worked for them. They were to describe what they had done, the method they used to compute cost savings, and to estimate what money was saved through the implementation of this strategy. The strategies used could not cause a loss in educational program or in the quality of education being offered. Districts were invited to submit as many ideas as they wished. Most districts submitted one or two ideas, but one district sent over fifteen. Representatives of forty-one school districts finally reported back with one or more ideas and these ideas, more than seventy of them, are contained in this booklet. After compiling the ideas, a rough draft of the booklet was sent out to a number of school business officials and superintendents, asking for their ideas and comments. Many of their comments appear in the commentary section on each of the pages.

We hope, through this booklet, to provide a way for districts to share their ideas with other districts. The results of such cost-cutting measures can only help to divert more money into educational programs for children in Long Island's school districts.

WHAT THIS BOOKLET WILL AND WILL NOT DO

This booklet reports upon what districts are doing with the money they have. It does not attempt to show districts how to acquire more state aid, to hold down the tax levy, or to enhance revenues. However, many of the ideas, if instituted, will be "revenue enhancing" because they will free money to be used more productively in school districts for educational programs.

SOME LIMITATIONS

In order for any idea to work for your district, you need to keep in mind several factors:

- Some ideas will work only if your district is a certain size. We discovered that there are ideas that make sense if you are a 5,000 or more student district but would be inappropriate for a smaller district of 2,500 or fewer students. Conversely, there are many ideas that are workable in a small district but are not likely to be of use in a much larger district. You will need to decide what works for you.
- Some ideas, especially those related to capital expenditures, retirement incentives, etc., will need an "up front" commitment of funds which will save districts money in coming years, but are likely to result in an immediate increase in expenditures in the current year. One will need to take a longer view of cost savings strategies.
- Some ideas will require a considerable amount of conversation between faculty and staff and retraining of people in order to institute the new idea. In cases where the ideas affect collective bargaining agreements by the union and the school board, approval from the particular union is necessary.
- The size and availability of the staff of the business office are key considerations. Instituting many of the ideas will require their time and effort. A common cry from school business officials is, "If I only had the time, I would... ."
- Although we attempted to get districts to identify the ways that their idea or strategy saved money, it was sometimes difficult to show specifically how much money was saved. When it was clear that the implementation of an idea would save a district money, we used the idea despite being unable to pin down how much money would be saved.
- All of these ideas will require school board support and a willingness among other administrators to try out new ways of doing things in the school district.

SOME ADDITIONAL COMMENTS

The process of collecting good ideas will continue because good ideas are being invented each day in school districts. We invite you to call or respond in writing to the ideas contained in this booklet and to add your ideas for cost cutting. These ideas will be published in future versions of this booklet. We have deliberately kept this booklet from being an endorsement of products or services provided by vendors

and have listed the contributing districts in the acknowledgments section of this booklet. However, if you require specific information about ideas or strategies in this booklet, we will be happy to refer you to the particular district that submitted the idea.

Dennis T. Murphy
Robert E. McKeen

ACKNOWLEDGMENTS

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The following Long Island School Districts, without their contributions there would be no cost saving strategies to share with you:

Bellmore-Merrick	Little Flower
BOCES I	Locust Valley
Cold Spring Harbor	Longwood
Comsewogue	Lynbrook
Connetquot	Massapequa
Copiague	Mineola
East Islip	New Hyde Park-Garden City

East Meadow
Eastport
East Williston
Elmont
Farmingdale
Garden City
Greenport
Harborfields
Hicksville
Huntington
Island Trees
Islip
Kings Park
Northport-East Northport
Plainedge
Port Washington
Riverhead
Rockville Centre
Roslyn
Sag Harbor
Shoreham-Wading River
Smithtown
South Huntington
Three Village
Uniondale
Wantagh
West Babylon

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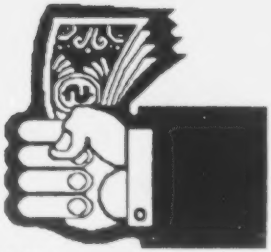
EMPLOYEE BENEFITS



TITLE: BUYBACK OF HEALTH INSURANCE BENEFITS

DESCRIPTION: One district offered $2000 to each employee who agreed to relinquish his rights to medical benefits under the Empire Health Plan. Two other districts offered their employees 50% of the savings (to the district) of insurance premiums. One district gave employees $1,000 for dropping the family plan and $500 for relinquishing their rights to the individual plan. Employees covered by other insurance plans had the option to sign up in May or June to "opt out" of Empire coverage for the following year beginning in September. The employees who chose to relinquish their rights to insurance coverage that school year did not receive their agreed upon dollar amount until the full school year ended — approximately one year from their original signing date. Any employee who requests reinstatement of Empire coverage during the course of that school year remains able to do so, but loses access to any part of the original offering.

SPECIAL CONSIDERATION: Since fringe benefits are usually a contractually negotiated item, it is likely that employee union consultation and agreement will be needed to implement this idea.

ESTIMATED COST SAVINGS: Districts reporting this idea saved between $3000 and up to $100,000 in insurance premiums for employees who agreed to leave the Empire plan.

COMMENTARY: District staff described this as a "no-lose" situation. The considerable increase in health insurance premiums throughout New York State has forced districts to reconsider the manner in which insurance coverage is offered to district employees. Districts have been able to reopen negotiations with unions to renegotiate provisions in contracts related to employee insurance benefits, saving the districts insurance premiums and returning some of the savings to the individual employees who have agreed to be part of the plan.

TITLE: HEALTH PLAN ALTERNATIVES

DESCRIPTION: Current IRS codes allow for the establishment of an individual medical account (IMA) for an employee. The employee may draw on this account to pay for all health care claims which include: deductibles; fee schedules; exclusions; copayments on all medical, dental, optical, and related medical charges. One district chose to set up such an account as an alternative to the standard buy-backs offered by other districts, seeking to trim health benefit costs for employees who have other health insurance coverage available to them. The district saved 50% of the cost of the Empire Health Plan for those employees who voluntarily left the Empire Plan and went to an IMA. The dollar amount returned to employees is nontaxable under section 501(c)(9) of the Internal Revenue Service Code. Unused benefits accumulate from year to year and may be withdrawn by the employee (after taxes) upon retirement or otherwise being separated from the district.

SPECIAL CONSIDERATION: Since fringe benefits are usually a negotiated item, the implementation of this idea will probably require agreement from employee unions.

ESTIMATED COST SAVINGS: The district reporting this idea saved $26,739 in one school year.

COMMENTARY: This district had increased participation after the first year. Employees desiring a return to the Empire program are able to do so. There are a number of advantages to this system. In a manner similar to IRA's, the monies held in trust by the school district are not considered as adding to gross earnings. As such, they are not taxable as they would be if a district were to return a portion of saved premiums, directly to the employee. However, once an employee separates from the district or asks for the restablishment of Empire coverage, any remaining funds in the account are returned to that employee and these monies become taxable. The range of services that can be paid for by an IMA is rather broad. The IMA can be managed by an outside firm that handles sending 1099 forms and other administrative details for a percentage of monies placed in the IMA for a particular year.

TITLE: COPAYMENT FOR HEALTH INSURANCE PAYMENTS

DESCRIPTION: One district paid for the entire health premium cost for single or family participation in the Empire Health Plan for its employees. After some pretty difficult negotiations, the district was able to get an agreement into the new contract that all new teachers would pay 15% of the health plan costs. All "veteran" teachers would continue to have their health insurance cost paid by the district.

Through the course of the three year contract, more and more teachers retired and were replaced by new teachers. At the close of the contract three years later, the district had approximately forty (40) new teachers contributing to their health insurance. Eventually all will pay 15% of annual health care costs. This negotiated clause saved the district minimally $27,000 for the first year of its implementation and more each year thereafter. The district also expects that teachers who are covered under their spouse's health plan will drop the coverage that they now have to contribute to. An individual dropping the family coverage will save the district over $4,000.

SPECIAL CONSIDERATION: This idea will probably require union consultation and agreement since it involves employee fringe benefits normally covered under collective bargaining agreements.

ESTIMATED COST SAVINGS: Districts reporting this idea saved from $29,000 to $99,000 in annual insurance premiums.

COMMENTARY: This negotiated cost savings will continue to grow as the premiums for health insurance continue to rise.

TITLE: RETIREMENT INCENTIVES

DESCRIPTION: In the "square of the number" model the retiree receives payment for unused sick days. The amount of the payment is equal to the number of unused sick days squared. An employee with 50 unused sick days would receive a payment of $2,500, the product of 50 X $50. An employee with 100 unused sick days would receive $10,000, the product of 100 X $100. Under this formula, each successive unused sick day becomes more valuable. In addition, that elevated value applies to all unused sick days, not just the sick day most recently earned.

The "square of the number" formula was capped at 100 days. Unused sick days from 101 days through 175 days were valued at a constant figure of $100 per day. By this method, an employee with 175 unused sick days was eligible to receive a payment of $17,500. This model effectively delivered a "benefit" which was not otherwise used by the respective employee during his years of service. In addition, this method provided prospective retirees with a unique incentive to avoid using sick days since the value of all remaining sick days diminishes as each sick day is used.

Here is an illustration. As noted earlier, an employee with 100 unused sick days would be eligible to receive $10,000. Each day has a value of $100. If that employee were to use one of his days, he would have 99 remaining. The square of 99 is $9,801. The difference between $9,801 and the $10,000 is $199. Thus, the employee does not lose $100 by taking the sick day; he loses $199. There is considerable monetary incentive for the employee to avoid any superfluous use of sick days as retirement approaches.

Finally, an analysis of the cost of the "square of the number" model with a maximum exposure of $17,500 and average replacement costs considered shows that the program is entirely self-funding.

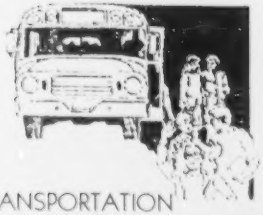
Another district offered incentives to eligible employees who had more than 10 years of service to the district. The offer included 1.33% of salary for each year of service in the district plus 1% of salary for each year in other public education. Employees with less than 10 years of district service were offered 1% of salary for each year of service to the district. The district reported substantial savings as a result of retirements.

SPECIAL CONSIDERATION: It is likely that employee unions will need to be consulted or that certain portions of the union contract in force may need to be renegotiated.

ESTIMATED COST SAVINGS: Specific cost figures are unavailable, but the issue of reducing teacher absenteeism is addressed, therefore, improving the educational program by keeping the teacher in the classroom.

COMMENTARY: A retirement incentive program should not be viewed exclusively within the context of its prospective cost-saving features. A program which effectively delivers benefits that employees have earned over their career and that encourages employees to avoid casual use of sick days as retirement approaches is worthy of serious consideration.

TRANSPORTATION



TITLE: COOPERATIVE (IN-DISTRICT) STUDENT TRANSPORTATION

DESCRIPTION: Four elementary districts (K-6) and one high school district joined to employ one transportation coordinator to oversee the entire transportation requirements of all involved. A study was established which suggested that combining bus schedules of these districts would save approximately $200,000. It would also increase the safety of the riders by having central control of the bus company to ensure that all drivers comply with all regulations of the Commissioner of Education and the Department of Motor Vehicles. It would ensure that safety drills and safety training would be available to the children.

The transportation coordinator bids the requirement(s) for all the districts. The routing would include overlapping into each district to maximize bus utilization.

SPECIAL CONSIDERATION: This is an idea that is unique to elementary districts transporting students to a central high school district.

ESTIMATED COST SAVINGS: $30,000 - $90,000 per year per district is expected to be saved through the implementation of this idea.

COMMENTARY: The first stage of the project has been implemented, and the coordinator has been hired.

TITLE: PURCHASE OF BUS FOR CHILDREN WITH SPECIAL NEEDS

DESCRIPTION: One district decided to purchase a minibus for transportation of special education and private school students. In addition, they used a school custodian, who was also qualified as a school bus

driver, to drive the vehicle. The result was better service and significant cost savings.

SPECIAL CONSIDERATION: This idea will require an initial capital outlay for the purchase of a bus and maintenance of the bus thereafter. Also, a backup driver is required.

ESTIMATED COST SAVINGS: Varies. Savings will depend upon the number of special education students and schools being served.

COMMENTARY: It is suggested that there be a thorough review of bids before choosing the most cost effective route for this purpose. Storage and maintenance of vehicles is also a consideration.

TITLE: ADDITIONAL STATE AID FOR TRANSPORTATION

DESCRIPTION: When applying for state aid for transportation in a district which has no transportation supervisor, a portion of the business administrator's and secretary's salaries should be included as transportation costs. Include any supplies and materials where appropriate. These additional costs could be reimbursable up to 90% from New York State.

SPECIAL CONSIDERATION: This is an idea for smaller districts that have no transportation supervisor.

ESTIMATED COST SAVINGS: $25,000 to $30,000 each year can be realized as a result of increased New York State aid.

COMMENTARY: Smaller districts that do not have business administrators could include a portion of the Superintendent's salary, if it could be shown that a portion of this person's time is spent on transportation matters for the school district.

TITLE: REPLACING GAS-POWERED BUSES WITH DIESEL-POWERED BUSES

DESCRIPTION: One district described the replacement of gas-powered buses with diesel-powered buses. As each bus in the fleet ages, it is replaced by a diesel-powered bus. Savings depend on miles traveled. Gas-powered, 66-passenger buses get 2-3 miles a gallon. Diesel-powered buses get 6-9 miles per gallon. Diesel fuel is, however, slightly more expensive, but the increase in miles per gallon far exceeds the small additional cost of the fuel.

SPECIAL CONSIDERATION: This is an idea for districts that own their buses.

ESTIMATED COST SAVINGS: $8,000 a year and more for each bus that the district operates.

COMMENTARY: During the transition period two types of fuel must be purchased or stored. This may involve new fuel storage facilities. A district that decides to purchase new diesel-powered buses will spend, initially, 10% more for diesel-powered buses.

TITLE: COOPERATIVE BIDDING FOR TRANSPORTATION OF STUDENTS OUT OF THE DISTRICT

DESCRIPTION: A cooperative transportation bid for 46 private and parochial schools was entered into by 5 school districts. For this district, it involved awarding bids to 11 of these schools of which 48 children from the district attended. The cost saving is based on comparing the cost per child with the cost for the same school in the previous year.

SPECIAL CONSIDERATION: This idea will require agreement among the boards of education from the various districts involved in this project.

ESTIMATED COST SAVINGS: The district reduced its cost for private and parochial school transportation by $69,535 in the first year of this project.

COMMENTARY: Because of the cooperative arrangement of this transportation service, there is some loss of control. Districts should anticipate an increase of parental complaints until all parties adjust to this new transportation arrangement.

TITLE: COMPUTERIZED TRANSPORTATION ROUTING

DESCRIPTION: Many districts are implementing computer-based school bus scheduling systems. These districts have found that over the years such systems result in significant savings through more efficient bus routing. This is an area which should be reevaluated every so often, since new systems providing much more "on-line" information are now available. This can result in further cost savings. Some districts are currently involved in updating their computer bus routing, and they anticipate savings by eliminating buses. One district reported the elimination of six buses in the first year.

SPECIAL CONSIDERATION: Districts computerizing transportation reported intitial costs for equipment, software, and training ranging from $57,000 to $100,000, with additional costs for maintenance.

ESTIMATED COST SAVINGS: One district saved $106,000 to $180,000 yearly. Others reported savings from $25,000 to $57,000 each year.

COMMENTARY: Computerization of the district-owned or contracted bus fleet to facilitate more efficient and cost effective transportation systems is worth looking into. Districts save on the number of buses in use, wear and tear on vehicles that are in use, and personnel required to operate and maintain vehicles. A system can provide services such as run optimization, driver directions, route optimization, bus passes, and letters to parents.

A computerized system enables small and large districts to produce

more efficient schedules and thereby save money. Districts, however, should anticipate spending a great deal of time getting the system working properly. One district reports a two to three year period before the transportation system is fully operational.

TITLE: SHARING OF DISTRICT-OWNED BUSES

DESCRIPTION: One district recently made arrangements with a neighboring school district for transportation to and from BOCES programs. Because each own their school buses, each was able to free up a bus in the morning and in the afternoon. As a result, each district is sharing the transportation of children to and from BOCES to their respective school district. Each district is saving approximately $25,000 per year. This is money which would have been paid to private contractors.

These two districts are presently meeting with several neighboring districts to see if similar arrangements can be worked out on an extended scale.

SPECIAL CONSIDERATION: Cooperating districts will need to own their own buses.

ESTIMATED COST SAVINGS: Each district is saving approximately $25,000.

COMMENTARY: Cooperation requires harmonious relations between the sharing districts.

TITLE: CONTRACTUAL VERSUS DISTRICT-OWNED MIX OF BUSES

DESCRIPTION: This district had four sixty-passenger buses, and it expanded its fleet to a total of eight district-owned buses. It reduced

the number of contractual buses from thirty to twenty-six.

Since the district already has a maintenance facility for its existing buses, it was able to save money by spending the existing overhead on a total of eight buses instead of four. This district projects additional savings if it were to expand to sixteen buses.

SPECIAL CONSIDERATION: Availability of facilities.

ESTIMATED COST SAVINGS: This district saved approximately $2,800 for each bus.

COMMENTARY: Through a combination of district-owned and contractual buses, the district has more flexibility for transporting children, especially for late buses, noon-kindergarten bus runs, and field trips. There is also an opportunity for cost savings.

FINANCIAL MANAGEMENT

TITLE: PAY AS YOU GO CAPITAL FINANCING

DESCRIPTION: Virtually every school district is in the process of retiring long-term debt. Typically, the debt was incurred in connection with the acquisition of land, the construction of new buildings, additions to existing buildings, or major renovations.

As these same buildings have aged and required renovation, it has been typical for districts to incur short or medium term indebtedness to secure the funds needed for major renovation projects. To avoid the costs related to borrowing while providing for necessary repairs as they become due, one district adopted a long-term financial plan. This plan provided for the enrichment of the district's annual appropriation for capital renovations by an amount at least equal to the reduction in debt service that resulted as mortgages were amortized.

By having adopted this approach, this district has increased its annual appropriation for capital renovations to $1,130,000 and is progressing on schedule to a level of approximately $1,400,000 by the 1992-93 school year. Not only does this methodology provide for the savings of any interest that may have been incurred by other methods, but also it assures the continuous investment of dollars into the facilities as needed.

SPECIAL CONSIDERATION: Large school districts would particularly benefit from this idea.

ESTIMATED COST SAVINGS: Specific savings to a district are directly related to the interest rates and amount of money that the district did not have to borrow in order to fund capital projects.

COMMENTARY: Often the public and boards of education are not committed to long term solutions to capital project financing. This idea would require such commitment.

TITLE: ON-LINE BANKING FOR EFFECTIVE CASH MANAGEMENT

DESCRIPTION: A personal computer with a modem is required for on-line banking. This gives the district immediate access to current banking data and transactions from the previous workday to the present. Transfers between accounts and transaction confirmations may be brought up on the monitor. Histories of each account and hard copies are available. The payroll account is monitored at the end of the day. The amount outstanding is moved into an interest bearing account until the next business day, usually over the weekend.

SPECIAL CONSIDERATION: In order for this idea to work, a district cannot have a policy of directly depositing paychecks. Also, the bank must make the service available to the school district.

ESTIMATED COST SAVINGS: Savings occur when unused, uncashed payroll funds are invested over weekends. The actual savings are difficult to ascertain because they are based upon an individual district's payroll practices.

COMMENTARY: This system gives the business administrator up-to-date information required to make investment decisions. It also monitors the bank to insure proper postings of transactions.

TITLE: FINANCIAL RATINGS (TANS)

DESCRIPTION: One district suggested that it was unnecessary to purchase financial ratings for borrowing purposes. The original concept for a school district to receive a financial rating was to ensure potential lenders of money to the school for tax anticipation notes that the district is in sound financial condition and is able to repay the money. Therefore, the lowest interest rate would be charged.

After comparison of district interest-rate charges and consultation with lending institutions and fiscal advisors, the major reason interest rates are at their lowest is due to district relationships with banks. Much clerical time is also saved by not completing forms required for this rating.

SPECIAL CONSIDERATION: This idea is most useful to districts where borrowing is less than $10,000,000 a year.

ESTIMATED COST SAVINGS: This district saves $4,000 per year by not subscribing to this bond rating service.

COMMENTARY: Each district should check with its major lending institutions before acting on this idea.

TITLE: ASSESSMENT REVIEW

DESCRIPTION: The state aid formula for computing operating aid, high tax aid, building aid, etc., does not take into account changes in property reassessments that came about as a result of tax certiorari actions resulting in reductions of property assessments for commercial property and homeowners. Consultants will review court records to determine if such actions have occurred within a particular school district over the past ten years.

They review each years' assessment reduction and compare it to the state aid assessment for retroactive charges. This can produce supplemental state aid with no risk to the district. Usually a consultant will provide the service for 15-20% of the amount received by the district.

ESTIMATED COST SAVINGS: Several districts received more than $100,000 in supplemental state aid as a result of recalculation of past state aid payments.

SPECIAL CONSIDERATION: Board of education approval is necessary.

COMMENTARY: The process can take approximately twelve to eighteen months from the initiation of the study until the district receives the funds from the state.

TITLE: INVESTMENTS

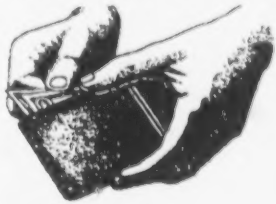
DESCRIPTION: One district has developed a PC-based cash flow program which allows it to maximize its investments. The cash flow projection is updated daily to reflect current receipts and is plotted against pending expenditures entered by due date. The available balance is then determined by time period and is invested in CD's or repurchase agreements even for as short a period as one day.

SPECIAL CONSIDERATION: Appropriate computer hardware and software must be available for implemention of this idea.

ESTIMATED COST SAVINGS: Implementation of this program has doubled this district's investment income over a three year period.

COMMENTARY: This procedure enables the school business administrator to maximize return on investment of school district funds without increasing risk.

INSURANCE/RISK MANAGEMENT



TITLE: LIABILITY INSURANCE POOL

DESCRIPTION: One district entered the New York State schools' reciprocal insurance company. This is essentially an insurance company owned and operated by the school districts.

SPECIAL CONSIDERATION: In order for this plan to work, there must be a group of other districts which are willing to share risks. There is also an initial fee to enter the pool of cooperating districts.

ESTIMATED COST SAVINGS: 10% of premium normally paid for liability insurance.

COMMENTARY: Short and long term rate stabilization occur through the use of this strategy. There is a great advantage to being in this program when premiums are rising because they are not affected by market conditions. But, in a competitive market, the advantages of insurance through this method compared with conventional insurance companies need to be weighed due to cost.

TITLE: RISK MANAGEMENT COMMITTEE

DESCRIPTION: A districtwide safety committee was formed to review accident reports and to advise the district regarding potential hazards. The committee consisted of:

- teachers
- administrators
- transportation staff

- cafeteria staff
- custodial staff

All members gave important input. Meetings were held four times a year. Records indicate that the number of accidents had decreased.

SPECIAL CONSIDERATION: There needs to be a willingness upon the part of district staff to participate in such a committee.

ESTIMATED COST SAVINGS: Savings come from reduced insurance claims which keeps the district's experience modifier low when setting insurance rates.

COMMENTARY: It is difficult to ascertain the monetary advantage of having a safety committee. However, most insurance companies want to know if a committee exists before they quote rates; therefore, having a safety committee should lead to reductions.

TITLE: COOPERATIVE PROPERTY AND CASUALTY INSURANCE PROGRAM

DESCRIPTION: Five school districts agreed to cooperatively obtain quotations for their property and liability insurance coverage. Quotations were required to be submitted for each participating school district so that a carrier could not engage in risk selection. Common specifications were prepared with the assistance of a consultant. Prior to the opening of quotations, the district negotiated with the responding carriers to obtain the best final premium. A new insurance company was attracted to the group of districts, coverages were improved, and an average savings of 13% to the participating districts was realized.

SPECIAL CONSIDERATION: Agreement on specifications is important.

ESTIMATED COST SAVINGS: $4,000-$6,500 per district was saved by one group. Another group saved between $10,000 and $100,000. A third group reported an 18% reduction in premiums.

COMMENTARY: Specification writing and broker selection is an area of concern and should be agreed upon before entering into such an arrangement.

TITLE: SELF-INSURED DENTAL PLAN

DESCRIPTION: Faced with escalating premiums for the dental plan of the district's employees, this district decided to self-insure. They found an experienced administrator to handle this function, in-house, and made arrangements with an outside insurance agency to manage the fund. The district reports that reimbursement to staff is much quicker. It used to take one month for employees to receive their reimbursement, but, now takes two weeks. The district finds it has more flexibility with providers, and it has identified a list of participating dentists that have agreed to accept district-set fees in full payment. Another district had been providing dental coverage for its employees while the union contract also provided dental coverage with a co-pay percentage. An outside company now administers the plan for a 12% fee. The district deposits a monthly estimated usage amount in an account used by the plan administrator for payment of claims after district approval of each claim. The level of benefits to the employee remains unchanged.

SPECIAL CONSIDERATION: Implementation of this plan may require union contract agreement and good experience in usage of the present plan.

ESTIMATED COST SAVINGS: Districts reporting upon their use of self-insured plans report savings ranging from $10,000 to $35,000 in saved premiums.

COMMENTARY: Any district which provides a dental plan as part of its employee benefit package should investigate this cost saver. Of course, dollar savings will depend upon claims experience and level of usage of the plan, as well as the size of the district, number of employees, and specific offerings in the benefit package.

TITLE: SELF-INSURED WORKER'S COMPENSATION

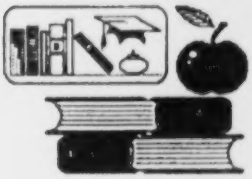
DESCRIPTION: Self-insurance for worker compensation is desirable due to the steady increase in worker's compensation rates by the insurance companies over the past ten years. Self-insurance would include hiring a consultant to manage the funds; purchasing excess stop-loss insurance; investing funds; and setting up procedures for payments to individuals and medical facilities. Consultants investigate claims and provide legal action when required.

SPECIAL CONSIDERATION: The premium presently being paid should exceed $100,000. School board approval for setting up a reserve fund is necessary.

ESTIMATED COST SAVINGS: Six districts reported savings from $26,000 to $301,000 per year as a result of self-insuring their workman's compensation program.

COMMENTARY: Many districts with annual budgets exceeding $25,000,000 have been successful in saving money through this program. Money is saved by improving a district's claims experience as well as investing money which would have been paid to insurance companies as premiums.

INSTRUCTIONAL PROGRAM PRACTICES



TITLE: IN-DISTRICT SPECIAL EDUCATION PROGRAMS

DESCRIPTION: One district provided a district teacher for speech and hearing impaired students rather than the use of personnel from the local cooperative educational agency. This district also educates handicapped students "in-district" rather than sending them to the cooperative educational agency.

SPECIAL CONSIDERATION: Possible increase in professional staff.

ESTIMATED COST SAVINGS: This will depend upon a district's salary practices and the cooperative educational agency's charges.

COMMENTARY: Whether to purchase cooperative educational agency services is a complicated decision that should be made with great care. One important factor which must be considered is the state aid received when the district contracts through that agency. Another, more important factor, is will the service equal or exceed the present service?

TITLE: INTERACTIVE TELEVISION

DESCRIPTION: The district has established a distance learning (interactive television) system with two neighboring districts to share courses of study where student enrollment might have previously precluded any of the high schools from offering the courses. For example, a teacher in one high school is teaching shorthand to five of its pupils, seven youngsters from District B and two from District C. A teacher/supervisor is still required in each room.

SPECIAL CONSIDERATION: Initial costs of equipment are high.

ESTIMATED COST SAVINGS: This district reports a savings of $5,000.

COMMENTARY: In the future, as technology advances, there will be many opportunities for districts to share teaching expertise as this district has done. This may be one of the few ways to continue to provide certain programs in the schools.

TITLE: HIRING "ENGLISH AS A SECOND LANGUAGE" TEACHERS

DESCRIPTION: Instead of utilizing itinerant personnel, the district has employed its own ESL teacher. Therefore, for one fiscal year the district will be able to provide more service to children who require ESL services because of the availability of a full-time, on-site specialist. The amount saved was derived by a comparison of yearly costs for providing ESL services on a per diem basis compared with the actual salary and fringe benefit cost of employing a permanent faculty member.

SPECIAL CONSIDERATION: Districts will need to assess the cost and quality features of providing services directly or utilizing shared services from a cooperative educational agency. The number of children entering the district with the same foreign language will be a factor in this decision.

ESTIMATED COST SAVINGS: This district reports a savings of approximately $11,000 a year.

COMMENTARY: Comparison of the costs and benefits of a district providing its own educational services or purchasing them from a local cooperative educational agency is an on-going matter. Each district will need to make its own decisions based upon availability of services, costs of services, etc.

TITLE: SHARING THE COSTS OF SPEAKERS AND CONSULTANTS FOR A SUPERINTENDENT'S CONFERENCE DAY

DESCRIPTION: This district made an arrangement with two other school districts to combine part of each Superintendent's Conference Day, so that all participants hear a prominent guest speaker. This was done by one district hosting the other two districts. In two other districts, a speaker was shared at different times in each district, but the arrangement was made collectively.

SPECIAL CONSIDERATION: The cooperating school districts sharing the costs need to be close to one another.

ESTIMATED COST SAVINGS: One district saved $1,500 by sharing the cost of a guest speaker.

COMMENTARY: This type of sharing can be expanded to include the sharing of in-service training of staff.

TITLE: COMPUTERIZED TEXTBOOK INVENTORY

DESCRIPTION: Textbook inventories at the high school were computerized, using an Apple Computer and appropriate software, to allow for more thorough inventory and control. Student book-return rates improved considerably, resulting in savings.

SPECIAL CONSIDERATION: Appropriate hardware and software will need to be purchased by a district.

ESTIMATED COST SAVINGS: This district saved $1,600 in the first year.

COMMENTARY: Computerizing textbook inventories gives the district better control over the process. It helps the district to identify its textbook needs, and it is easily updated as textbooks are discontinued and new textbooks are added. It also becomes a more effective tool for communicating with parents and children when textbooks are lost.

TITLE: SUBSTITUTE ENRICHMENT PROGRAM

DESCRIPTION: This program was brought into the district to accomplish the dual purpose of cost savings on substitutes and providing alternatives at the high-school level, due to an inability to get qualified substitute teachers.

The arrangement is that teachers may elect to have a substitute teacher for their students or have the students sent to the Substitute Enrichment Program. Activities are coordinated so that programs brought into the district coordinate with curriculum that is being taught in English and social studies, but could include science, mathematics or foreign language. Speakers, movies and other agencies are brought in to provide programs. Many of the programs are free. Movies, either regular or VCR, are coordinated with services provided by a local cooperative educational agency or may be rented at a discount rate of $1.99 per day and presented throughout eight periods.

The room set aside for this can accommodate 75 students per period. This is approximately equal to three or four teachers and subs. This program serves the dual purpose of financial savings and providing meaningful instruction for students when regular teachers are absent.

SPECIAL CONSIDERATION: Appropriate space will need to be available. An appropriate, well-planned educational program must also be created.

ESTIMATED COST SAVINGS: This district reports a savings of $12,000 per year.

COMMENTARY: This is an innovative approach to the continuing problem of teacher absenteeism.

PERSONNEL PRACTICES

TITLE: REDUCTION OF AN ADMINISTRATIVE POSITION

DESCRIPTION: One district consolidated some administrative/supervisory functions to save the taxpayers money. For example, for one fiscal year, they did not fill the position of Director of Physical Education and Athletics when that individual retired after the budget was approved for that year. Instead, they reallocated the responsibilities of that position to several other administrators/supervisors and saved the taxpayers salary and fringe benefits for that year.

SPECIAL CONSIDERATION: Reducing administrative positions assumes that other administrators will have the time and the expertise to take on additional responsibilities. Each district will need to assess this.

ESTIMATED COST SAVINGS: The district reports a savings of $75,000.

COMMENTARY: Care should be taken that there is adequate administrative supervision of all areas within the school district before consolidating administrative responsibilities.

TITLE: NEGOTIATED BENEFIT REDUCTION (CSEA UNITS)

DESCRIPTION: In one fiscal year the district negotiated contracts with the two CSEA bargaining units that eliminated benefits for part-time workers employed after a period of time. In addition, the same contracts required that full-time employees hired after that time contribute to their health insurance plan's premiums.

SPECIAL CONSIDERATION: This requires agreement from affected unions.

ESTIMATED COST SAVINGS: This district saved $40,000.

COMMENTARY: With escalating costs for health care and the rising costs of premiums, all districts should be examining ideas of this type.

TITLE: COLLECTIVE-BARGAINING NEGOTIATOR CHANGE

DESCRIPTION: One district is using the Assistant Superintendent for Personnel and Operations to function as chief negotiator at the bargaining table, in place of its school labor attorney. The Assistant Superintendent has been a member of the district's bargaining team for many years and in that role has attended all negotiating sessions along with the labor attorney. This change of role, therefore, did not make additional demands on the Assistant Superintendent's time in terms of actual negotiations. It did, however, increase the time devoted to preparation. The labor attorney now serves as a consultant on negotiations and is available to the Assistant Superintendent. He also continues to handle labor litigation for the district. Given the countless hours spent at the bargaining table, this use of a district administrator as chief negotiator has resulted in a significant reduction in costs. Lastly, because of the attorney's availability as a consultant, the district's effectiveness at the bargaining table has not diminished.

SPECIAL CONSIDERATION: Experience in negotiating is very important.

ESTIMATED COST SAVINGS: It's difficult to estimate what the savings are since the savings depend upon the rates paid to the labor counsel, but the saving is estimated to be between $3,000 to $15,000 each year.

COMMENTARY: All documents of settlement should be reviewed by legal counsel.

TITLE: ELIMINATING A PORTION OF THE 3020-A PROCEEDINGS

DESCRIPTION: One district has negotiated in its contract with the Teachers' Association for the elimination of a portion of in 3020-A proceedings, the arbitration procedure for dealing with disciplinary cases. The cost in terms of both time and money is potentially enormous.

SPECIAL CONSIDERATION: Will require union-school board negotiation of the contract.

ESTIMATED COST SAVINGS: This district reported a $50,000 saving.

COMMENTARY: This change in procedure which eliminates cost producing steps in the disciplinary process is something that districts should look into.

PLANT/FACILITIES MANAGEMENT

TITLE: ENERGY MONITORING SYSTEMS FOR BOILERS

DESCRIPTION: One district installed an energy monitoring system for the boiler and its exhaust system in one school. All schools are tied to a central computer at the superintendent of building and grounds office. Boilers are set to come on and go off at certain times. Exhaust fans are also on timers to go on and off as needed. This saves money on oil and electricity. Included in the system is an intrusion alarm system which helps with security. Other possible uses of the computer system would include lighting and could generate work orders.

SPECIAL CONSIDERATION: A district will need to anticipate initial capital expenditures for equipment. In addition, personnel will need to be trained in the use of the new system.

ESTIMATED COST SAVINGS: Districts have reported savings from $20,000 to $25,000 each year.

COMMENTARY: There are savings to be made with such systems. Computerizing the energy monitoring system also cuts down on the use of overtime for maintenance staff who normally would have to be called in to start systems manually.

TITLE: INSULATING BUILDINGS FROM HEAT LOSS

DESCRIPTION: One district installed thermal panels and roof insulation in five of the district's buildings. Another district added an insulated roof, energy-efficient windows, and pumped the walls with foam

insulation. The entire envelope of the building was insulated to increase comfort levels and to save money on fuel oil. One district reported saving approximately 60,000 gallons of fuel oil in the year following the changes that were made to the building.

SPECIAL CONSIDERATION: A district can anticipate initial capital expenditures that are substantial.

ESTIMATED COST SAVINGS: Districts have reported savings from $34,700 to $42,000 a year in energy costs.

COMMENTARY: An initial outlay could be high, ranging from $400,000 to $800,000. Obviously, the "break-even point" will vary from district to district and will depend upon cost of fuel and initial capital costs.

TITLE: AUDIT OF ELECTRIC BILLS

DESCRIPTION: Participation in an audit of electric bills conducted by the local utility resulting in reimbursement. The utility, upon a district's request, will audit billings over the previous five or six years for rate and demand calculations.

SPECIAL CONSIDERATION: None

ESTIMATED COST SAVINGS: This district received a check for $2,600 from the local electric utility as a result of an audit it conducted.

COMMENTARY: This is a service provided free of charge to a district, and it did lead to reimbursement of funds.

TITLE: STAFF TRAINING (ASBESTOS ABATEMENT)

DESCRIPTION: One district trained three maintenance workers to be licensed as asbestos handlers. They are used for small asbestos jobs, such as removal, containment, and survey work. All work is done after school or on days off and weekends.

SPECIAL CONSIDERATION: The union contracts covering the duties of maintenance workers will need to be examined along with the expense of training. The exposure to lawsuits should also be discussed with legal counsel.

ESTIMATED COST SAVINGS: One district saved $18,000 by removing asbestos with its own staff. Another district reported savings of $10,000 in the first year of the program and $20,000 in the second year.

COMMENTARY: Training in-district staff for asbestos abatement allows for a quick, lower cost response to abatement projects. It is important to note that the district will need to make an initial investment in equipment and training in order for this idea to work. Districts will also need to anticipate collective bargaining discussions which take into account the new responsibilities of district staff.

TITLE: SHARED SUPERINTENDENT OF BUILDINGS AND GROUNDS

DESCRIPTION: Two neighboring school districts jointly recruited and hired a person for Superintendent of Buildings and Grounds for both districts. One of the districts has three active buildings, the other has four. The total number of custodial/maintainence personnel employed by the two districts is approximately eighty.

SPECIAL CONSIDERATION: Each of the sharing districts should have no more than 3 to 5 active school buildings. It is advisable for the districts to be contiguous.

ESTIMATED COST SAVINGS: $35,000 each year in salary and benefits. The district also realized savings in training costs, purchasing, and other shared services resulting from this sharing.

COMMENTARY: Each of the districts might not have been able to afford the salary to attract the proper person for this position. In this way, smaller, contiguous districts can save money while still providing effective management of their facilities.

TITLE: ENERGY PRESERVATION PROGRAM

DESCRIPTION: One district participated in a local utility's energy cooperative program. The program includes turning off air conditioners, pumps, and other high-energy usage items during peak use periods. At the end of the year, the district reporting this idea received a check from the utility company.

SPECIAL CONSIDERATION: Districts will need to check to see if their local utility provides such a service and at what cost.

ESTIMATED COST SAVINGS: This district saved $2,000 in one year, using this program.

COMMENTARY: This program has been successful both in residential and commercial use areas and is an example of a strategy that can be undertaken, often without any cost to the school district.

TITLE: ELIMINATING OVERTIME FOR MAINTENANCE WORKERS

DESCRIPTION: The past practice in this district was to allow 1 1/2 hours overtime each day throughout the year for three maintenance men. The reason cited for this was that work which they performed would interfere with the student program.

By ending this practice, considerable savings occurred with no apparent loss in the district's ability to perform normal maintenance activities.

SPECIAL CONSIDERATION: A district would need to have scheduled overtime for maintenance workers in the past in order for this idea to produce the kind of cost savings reported.

ESTIMATED COST SAVINGS: This district saved $18,000 based on a 180-day year.

COMMENTARY: This strategy brings us into the realm of labor-management relations and union contracts. Districts adopting this idea would need to study their contracts and examine the impact upon the program and the morale of buildings and grounds workers.

TITLE: CARING FOR FLOORS IN THE SCHOOL BUILDING

DESCRIPTION: A school district can avoid the high costs of maintaining floors in school buildings by adopting a high-speed floor care system. The initial start-up calls for stripping the floor and sealing it. Several coats of wax are applied with the high-speed buffer. This melts the wax to a hard finish. A negative soap is required for cleaning. Spray wax and buffing is required to maintain the high gloss. No further stripping is required.

SPECIAL CONSIDERATION: Implementing this idea in a district will require special training of custodial staff and will cost up to $8,000 for the purchase of special equipment and supplies.

ESTIMATED COST SAVINGS: School districts using this method have reported savings in the range of $10,000-$15,000 on an annual basis depending upon the size of the district and the cost of products used before adopting this new method.

COMMENTARY: This program should not be used on asbestos-containing tile floors without proper care. An asbestos release could occur.

TITLE: CONVERSION OF BURNERS TO OIL AND NATURAL GAS

DESCRIPTION: Some districts are converting oil-fired burners to a dual system to take advantage of fluctuations in the cost of oil and natural gas. They burn natural gas, which is cheaper than oil, until the exterior temperature drops below 20 degrees Fahrenheit. The system then converts to oil.

Districts that have done this find that natural gas burns cleaner, and therefore, requires less costly maintenance.

SPECIAL CONSIDERATION: This will be initial capital expenditures to change burners.

ESTIMATED COST SAVINGS: Cost savings vary, depending upon market and climate conditions.

COMMENTARY: An additional benefit of this method is the need for smaller oil tanks, resulting in less costs for testing required by the Environmental Protection Agency.

TITLE: GRAFFITI REMOVAL

DESCRIPTION: One district purchased its own water-powered sandblaster for graffiti removal. This district's building and grounds staff operate the equipment. This district found that the initial cost can be recovered in the first year by doing the work as opposed to hiring outside contractors.

SPECIAL CONSIDERATION: To use this idea, a district will need to be prepared to train available building and grounds or custodial staff in the use of equipment. Initial costs of purchasing equipment will be approximately $2,800.

ESTIMATED COST SAVINGS: $700 to $800 per removal.

COMMENTARY: One of the chief advantages of this system is that cleaning can be done on the district's own time schedule without having to wait for outside vendors to respond. Research has shown that quick removal discourages more graffiti.

TITLE: PURCHASE OF ENERGY EFFICIENT EQUIPMENT

DESCRIPTION: The local electric utility company has a program called "Dollars and Sense" which this particular district used. The utility reimburses the district for energy-efficient lighting equipment bought for this purpose. For example, for a lighting fixture that costs $32, the company will rebate $20. If the project is large enough, the district may also apply for state aid. One district received 50% reimbursement in state aid and saved money on the lower usage of electricity plus the rebate. Representatives of the utility visit the site to verify the project and then send a check for the scheduled amount.

SPECIAL CONSIDERATION: This district made an initial "up-front" expenditure of approximately $25,000 for energy-saving devices.

ESTIMATED COST SAVINGS: Districts reported savings ranging from approximately $4,500 to $20,000 each year.

COMMENTARY: All Long Island districts are eligible for this service and could save money in the long run.

TITLE: HIRING OF RETIRED TRADESPERSONS

DESCRIPTION: This district hired a retired tradesperson, who was also a licensed plumber, as a maintenance mechanic. Because of the expertise of this individual, the district has saved tens of thousands of dollars in plumbing charges that would have been spent by using an outside contractor.

SPECIAL CONSIDERATION: The district will need to have an available pool of retired tradespersons to do the work.

ESTIMATED COST SAVINGS: In the first year alone, the district reported a cost savings of approximately $50,000.

COMMENTARY: Job costs, when compared to quotes obtained from tradespersons not employed by the district, were astonishingly lower. For example, a persistent boiler problem resulted in a quote of $10,000 for full replacement costs. When the staff plumber evaluated the situation, a part costing less than $5.00 was changed, alleviating the problem.

Additionally, the plumber's expertise allows other custodial staff to enhance their own diagnostic and maintenance skills. The hiring has been so successful that the Board of Education in this district may be asked to consider the hiring of a retired licensed electrician as well.

TITLE: CEILING FANS

DESCRIPTION: One district reports on the installation of forward/reverse ceiling fans in all high ceilings (16 feet or higher) in work areas. This improves comfort of those working in the area and efficiency in cooling and heating. It will also provide savings on both oil and electrical bills in winter and summer.

SPECIAL CONSIDERATION: This is an idea for workplaces with high ceilings.

ESTIMATED COST SAVINGS: No specific data reported since this idea should be combined with other energy saving strategies to produce results.

COMMENTARY: Ceiling fans should not be used in spaces where children are housed. Install in work areas only. One district reported students throwing objects up to the fans.

TITLE: FUEL OIL CHANGE FROM #4 TO #2

DESCRIPTION: School districts burn thousands of gallons of fuel oil each year to heat their buildings. One district reported large savings by changing fuel burned to heat buildings from #4 fuel oil to #2 fuel oil. The #2 oil costs more, but has the following advantages:

#2 does not need to be preheated, #4 does;
#2 burns more efficiently than #4, i.e., less soot;
#2 requires cleaning every other year, #4 requires cleaning 2-3 times a year.

In addition, the maintenance of the boiler is reduced to cleaner burning, so a reduction in the cost of a service contract is realized. Districts making this conversion, report a much reduced "down time" of boilers due to cleaner nozzles and strainers.

SPECIAL CONSIDERATION: Those using this idea can anticipate an initial cost of $300 to $400 per boiler for adjustments.

ESTIMATED COST SAVINGS: It is difficult to ascertain actual cost savings from year to year because of the changing prices of fuel oil and the fluctuation of outside temperatures.

COMMENTARY: Cost savings are difficult to ascertain, but reliability and ease of operation are the overriding factors.

TITLE: WINDOW PANE REPLACEMENT WITH PLASTIC PANES

DESCRIPTION: One district decided to replace broken glass window panes with plastic panes . The initial cost is about one third more for materials but, due to minimal breakage and replacement, savings in the long run can be significant. The replacement can be done using an outside contractor or having the work done by district staff.

SPECIAL CONSIDERATION: There will be a higher initial cost for using plastic materials instead of glass.

ESTIMATED COST SAVINGS: Depending on the size of the district and the rate of vandalism, a district can save thousands of dollars each year in the replacement of broken windows.

COMMENTARY: This replacement program is effective for all size school districts. There are some limitations to the use of plastic-type products as a replacement for glass. Plastic does scratch, burn, and color with age. Large pane replacement is not recommended and not practical due to the flexibility of the product.

TITLE: ENERGY AWARENESS

DESCRIPTION: With the skyrocketing cost of electrical energy, this district met with staff on several occasions in conjunction with staff development, superintendent conference days, etc., and included a segment of training on energy management. In the training sessions, participants were shown statistics on the cost of electricity to the district and methods to reduce usage. Signs were placed over light switches to turn off lights when not needed, especially on the sunny side of buildings. Monthly meetings were held with chief custodians to review electrical bills to see how the program was working. Bulbs were removed from every other light fixture in the hallways. Energy-efficient bulbs were used, and ballasts were replaced in non-efficient fixtures. This district saved money by keeping the building's head custodians aware of energy usage and by recommending energy-saving methods to

the staff and seeking their cooperation. Significant reductions did occur. One district made annual awards presentations to building maintenance and custodial staff related to energy savings over prior years. Establishing policies of temperature guidelines, monitoring lighting levels and adhering to these guidelines can result in significant energy savings.

SPECIAL CONSIDERATION: A well-planned program of energy awareness is necessary for the staff in order for savings to occur.

ESTIMATED COST SAVINGS: Up to 10% of a district's annual electrical usage can be saved. One district reported savings of $38,000 in one year.

COMMENTARY: This is an idea that can be adopted with minimal cost to the school district.

TITLE: RENTAL OF SURPLUS BUILDINGS

DESCRIPTION: As schools close or building wings become empty, valuable rental space presents itself. By rental of these facilities, the district is able to maintain the building for future use, should student enrollment increase, without affecting the tax levy.

Any contract must ensure that the school district is not liable for any activity that the tenant engages in. A clearly defined set of responsibilities must be included such as who is responsible for cleaning, maintenance, snow removal, utilities management of asbestos, etc.

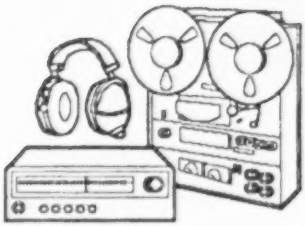
The revenues from rental income preserve the building for future use. In addition, by keeping buildings and renting to organizations who often provide additional community services, it becomes a vehicle for additional community support of the school district.

SPECIAL CONSIDERATION: The district will need to become a landlord and be prepared for the normal landlord-tenant problems that arise in such a relationship.

ESTIMATED COST SAVINGS: Varies with building, size, location, and condition. One district reported a net gain of $50,000 in one year after expenses were calculated.

COMMENTARY: This revenue enhancer makes the district a landlord. This sets up the district for many of the kinds of problems that emerge from the landlord-tenant relationships. It is important that the school district get references on its tenant and have a carefully written lease available at all times should disputes arise concerning responsibilities for the rental property.

PURCHASING



TITLE: CENTRAL WAREHOUSING

DESCRIPTION: One district has enjoyed the benefits of a central warehouse for stocking and supplying most of the common instructional and custodial/maintenance items required annually for its staff and buildings. While the start-up costs will be significant, if space becomes available within the district, consideration should be given to this operation. A central drop-off point for materials can significantly reduce itemized pricing on bids.

SPECIAL CONSIDERATION: This idea would be most useful to a medium to large school district. A delivery system will need to be created.

ESTIMATED COST SAVINGS: 1% to 5% per item. Large districts or a combination of districts can anticipate considerable dollar savings.

COMMENTARY: Contiguous school districts could cooperate to warehouse their goods and obtain the same savings.

TITLE: DROP SHIPMENTS

DESCRIPTION: One school district has the state contract copier paper vendor drop-ship the paper to each of its schools. In the past the vendor would only ship to a central receiving depot. This made it necessary to have written requests for copier paper sent to the business office, and then have someone from the buildings and grounds department deliver the paper.

Since the district has nine schools and delivery was made several times a month, this new procedure has saved them the use of a custo-

dian and truck, as well as several hundred dollars in overtime for the year.

SPECIAL CONSIDERATION: Storage space will need to be provided at each location. A review of state and county contracts for shipping specifications is important for this idea to work.

ESTIMATED COST SAVINGS: $4,000 each year reported by one district.

COMMENTARY: This idea could be used for other purchased items as well as paper goods. The authors recognize that this idea is the converse of the previous idea. A combination of strategies which takes into account the size and complexity of a school district is important.

TITLE: USE OF COUNTY AND STATE CONTRACTS

DESCRIPTION: The district began to require its personnel to utilize Suffolk County, New York State, and other group bids and contracts to purchase items, when the development of local bids was not essential or practical.

SPECIAL CONSIDERATION: It's important to keep updated files as prices change for goods and services.

ESTIMATED COST SAVINGS: This district saved $1,000 each year over a two-year period.

COMMENTARY: Using such a service limits the individual specifications that a district may desire. However, the savings in money and time can be significant.

TITLE: OBTAINING QUOTATIONS FOR SMALLER CAPITAL IMPROVEMENTS

DESCRIPTION: Although New York State purchasing law doesn't require quotations under $5,000, one district specifies that an informal quotation be received for the purchase of any services over $1,000. This would include electrical, plumbing, carpeting, pest control, and any other purchase of outside labor and materials.

SPECIAL CONSIDERATION: Someone on staff must be available for obtaining and evaluating quotations.

ESTIMATED COST SAVINGS: The district reports a wide range of quotes for the required work in a district and saves money by choosing the vendor that will provide the best quality of work at the lowest price.

COMMENTARY: An idea of this type works best in smaller districts which may not have the technical in-house expertise. This same district reported receiving quotes to replace two toilets in an elementary school. One quote was $1,000, the other was over $2,000.

TITLE: COMPUTERIZED BID DOCUMENT

DESCRIPTION: One district replaced a service to prepare bid documents with an in-house computer system.

Two years ago this district contracted with an outside agency to have a bid analysis program designed which they could operate exclusively from the business office. They created and printed their own standard supply list booklets which are sent to each school department for ordering. After the bids have been placed, the computer does an analysis to see which vendor will receive the award, either in its entirety or by each item.

Previously all printing was contracted out, and the booklets often included many items irrelevant to the district's needs. The calculations were also done by an outside firm.

STEPS IN PROCEDURE:

1- Create and print standard supply list booklets.
2- Requests from each office are entered into the computer.
3- Bids are requested from all vendors on forms printed by the computer.
4- All vendor bids are entered into the computer by item.
5- Awards are made by item or total award.

SPECIAL CONSIDERATION: In-house personnel will need to be trained in the operation of the system. Districts should anticipate an initial expenditure of $8,000 for appropriate hardware and software.

ESTIMATED COST SAVINGS: $5,500 per year after the first year.

COMMENTARY: This system can be created in the way that has been described, or a district can approach a BOCES for a similar service. One district described having its general supplies and office supplies bid lists computerized. A computer program generates a bid award for each item bid. This saves the business office weeks of time in analyzing line by line items and led to reduction of staff in at least one district. The district will need to have IBM hardware available for use with this system.

TITLE: COOPERATIVE PURCHASING: SUPPLIES

DESCRIPTION: Cooperative bidding for supplies is an essential tool in cost savings for school districts. There is not only a savings but also purchasing in volume from vendors gives better service to large dollar accounts. One district found that it was paying close to 20% less for items as a result of cooperative purchasing.

Other items such as equipment may be cooperatively bid, but specifications become very important for proper service to each district.

Districts find they can cooperatively purchase items such as audio-visual equipment, custodial, art, and physical education supplies.

SPECIAL CONSIDERATION: List of items purchased must be similar, and agreement on specifications is important.

ESTIMATED COST SAVINGS: One medium-sized district saved $30,000 to $50,000 each year. One smaller district reported savings of $16,000 in one year.

COMMENTARY: A careful review of the quality of the items received is necessary due to the different requirements of each school district. Aside from districts joining together to purchase cooperatively, BOCES II and Nassau County BOCES provide shared services in this area involving dozens of school districts in Suffolk and Nassau Counties.

TITLE: COOPERATIVE PURCHASING: CAFETERIA SUPPLIES

DESCRIPTION: Two neighboring school districts combine their cafeteria purchasing requirements for volume savings. The programs are similar and have the same pricing structure. Drop-offs of supplies are made at each building. These supplies include:

- canned goods
- paper
- milk
- cleaning supplies
- produce
- meat
- ice cream

SPECIAL CONSIDERATION: The food service programs offered by the cooperating districts would need to be very similar in order for this idea to be effectively implemented.

ESTIMATED COST SAVINGS: The two districts reporting this idea are each saving $10,000 to $15,000 per year.

COMMENTARY: This idea works best if the same cafeteria manager is working for both districts. Some items such as produce are negotiated on a weekly basis for both districts.

TITLE: REDUCTION OF CONFIRMING PURCHASE ORDERS

DESCRIPTION: No confirming orders may be issued without the business administrator's approval. The vendor will not be paid without a purchase order number. If a staff member commits the district, then that person is expected to pay the billing. The number of budget codes being overexpanded was also reduced because of the increased control over spending in the school district.

SPECIAL CONSIDERATION: None

ESTIMATED COST SAVINGS: There is no hard data on savings, but a reduction of duplicate orders and business office time in processing purchase orders has lead to cost savings.

COMMENTARY: This may or may not be a problem in school districts, depending upon the amount of control that the business office and building administrators exert over the purchasing process. This process essentially says that no purchase can be made without the approval of the business office. Obviously, there must be considerable cooperation between building-level administration and the business office.

TITLE: PURCHASE ORDER SIMPLIFICATION

DESCRIPTION: This district combined purchase requisitions with purchase orders into a single multi-carbon form. This saved clerical time by not having to retype purchase requisitions into purchase orders.

SPECIAL CONSIDERATION: There will be an initial printing expense to make the change from the previous system to a new system using different forms.

ESTIMATED COST SAVINGS: Difficult to calculate but definitely a time saver.

COMMENTARY: This is one of those ideas that simply makes sense. It saves clerical time, freeing clerical workers to do other things in the business office.

SUPPORT SERVICES

TITLE: COMPUTER AND AUDIO-VISUAL REPAIR SERVICE

DESCRIPTION: One district repairs its own computers and audio-visual equipment. A service contract for each of the district's five hundred personal computers would cost $300 a piece or $150,000 a year. The district employs a full-time technician at a cost of $25,000 and an administrator/teacher for an additional $40,000 per year. Time is saved as a result of in-house repair of equipment, and fewer parts are purchased since an in-house inventory system can be created along with cannibalizing old equipment.

SPECIAL CONSIDERATION: This is an idea for a district that has many computers and a large supply of audio-visual equipment.

ESTIMATED COST SAVINGS: Over $50,000 per year.

COMMENTARY: The availability and costs of hiring appropriate personnel must be considered.

TITLE: IN-HOUSE DATA PROCESSING

DESCRIPTION: Operating a totally in-house data processing operation in the long run is much more efficient and cost effective than contracting with any other outside data processing provider, according to one district. This includes all aspects of administrative data processing ranging from payroll and accounts payable to student scheduling, attendance, and grade reporting.

While the capital outlay at the onset can be significant, hardware prices have dropped dramatically over the last five to eight years and

are affordable for practically any size district. Good operational software now seems to be expensive and hard to come by in a successful data processing operation, but this area has improved significantly over the last five to ten years.

This district, for example, eliminated a $40,000 contractual fee for outside student scheduling with an initial purchase of equipment and software in only one year of approximately $52,000. The savings, of course, go on and on. It was possible in this district since it already had a central data processing staff with the necessary expertize to support the products.

SPECIAL CONSIDERATION: Districts will need to make an initial capital expenditure for equipment and software, along with staff training and hiring.

ESTIMATED COST SAVINGS: One district saved $92,000. Another reported savings of $30,000 each year.

COMMENTARY: Staffing is one of the most important components in this change. The staff must be available to debug problems to ensure that the system is always ready to produce reports. This is especially crucial when it relates to payroll.

TITLE: PURCHASE OF TELEPHONE SYSTEM

DESCRIPTION: The purchase of privately-owned telephone systems has initially saved tens of thousands of dollars, compared to the rental of telephone systems or communication networks prior to private purchases being possible. Telephone costs were trimmed by approximately 40%. Keeping current on what is available in the telecommunications market can result in additional savings for districts who even now own their equipment.

SPECIAL CONSIDERATION: A district can anticipate initial capital expenses for equipment.

ESTIMATED COST SAVINGS: $10,000 to $20,000 each year.

COMMENTARY: A great deal of support and planning is required. If a district decides to make a switch, it is recommended that it be done during the summer months.

TITLE: IN-HOUSE PRINTING

DESCRIPTION: One district reported upon the advantages of having its own in-house central printing and mailing operation. Although start-up costs may be significant, the savings by printing and publishing most, if not all, of the materials produced by the school district can be significant. This includes public relations information to the community, curriculum development handbooks, testing materials, and even the school district's yearly calendar.

SPECIAL CONSIDERATION: Appropriate equipment will need to be purchased, and the hiring and training of appropriate staff is key to the success of this idea.

ESTIMATED COST SAVINGS: 25%-30% of printing costs.

COMMENTARY: As with many of the "do-it-yourself" ideas in this booklet, appropriate staff with desktop publishing/and or printing expertise must be available.

TITLE: SAVING ON COPYING

DESCRIPTION: Teachers were copying an average of seven sets of 25 copies per day. At staff conferences this overuse of the copier was discussed with the teachers and agreement was reached as to a "fair formula." Initially, everyone was taught how to copy both sides of the paper. This immediately cut paper usage by about 40%. The district then decided that each month teachers in K-2 would get 3 packages of

paper and teachers in grades 3-5, two packages of paper. Extra paper is given for special needs.

SPECIAL CONSIDERATION: The district may need to make capital expenditures for appropriate copying equipment.

ESTIMATED COST SAVINGS: One school in a district saved approximately $500 per year. Another reported saving $2,000 in one year.

COMMENTARY: It also pays for a district to occasionally review its copying practices and the equipment and paper it uses to make copies. It also pays to review agreements with companies and to decide whether leasing or purchasing makes sense.

TITLE: IN-HOUSE CENSUS

DESCRIPTION: All census gathering is now done in-house. The district installed a new computer system and contracted with an outside company for software programs designed to maintain the fixed assets and payroll. The district also had a census program designed whereby they would have a master system operating from central administration. The system would do everything from keeping track of student movement to the running of mailing labels.

In earlier years, the district was able to update student information via a procedure followed by each school, but general census information for the district was gathered by sending a group of enumerators door-to-door once a year. It was decided to send out a mailer and have the residents respond through telephone calls if there were any changes. If the occupants of a household had moved, the postmaster was requested to return the envelope to the district at which time the district sent an enumerator to the house. The public response was terrific and very positive. The most important aspect of the project was the increasd accuracy of the information which is used for budget projections, state aid reports, mailings, special education planning, etc.

The district saved about 50% on prior costs by reducing the enumerators to one and by doing all of its own data inputting within the

district.

Although the cost savings on this was minimal in comparison to the entire budget, the accuracy and timeliness gained was significant. An added benefit is that the district can easily update records as enrollment changes.

SPECIAL CONSIDERATION: A computer will need to be available for the implementation of this idea.

ESTIMATED COST SAVINGS: This district saved $3,900 per year.

COMMENTARY: Two steps are necessary:

1. Development of a series of programs on an in-house computer system. Cost to develop system was $3,000 and equaled 1 year contract.
2. Replace door-to-door census enumerator with pre-sort 1st class mailer. Post office returns mailers when addressee has moved. Residents call only if changes in household. Saving = 15,600 homes $.25/home (difference between mailer & enumerator) = $3,900 per year.

TITLE: DISTRICT TELEPHONE SERVICE

DESCRIPTION: A district-owned telephone system of 131 instruments was replaced with the same number of instruments at a savings. This district committed to a public telephone system. This saved monthly rental costs and reduced maintenance of the private switchboard. An initial installation cost of approximately $12,000 was incurred.

An additional saving resulted from the reduced cost of telephone operators due to direct dialing.

SPECIAL CONSIDERATION: A district which converts from its own private, leased system to a public system can expect some initial capital costs to fund the new system.

ESTIMATED COST SAVINGS: This district saved approximately 15% or $15,000 per year on charges and maintenance.

COMMENTARY: Each telephone gets a separate bill for ease in tracking and possibly reducing unnecessary toll calls.

TITLE: MAILINGS OF MATERIALS TO RETIREES

DESCRIPTION: In November, the New York State Health Insurance Program mailed the district about 525 Participating Provider Directories to be distributed to our retirees.

The cost to mail these would have been $2.40 each if they were sent first class. If sent fourth class, the costs would have been $.69 locally and $1.44 if sent to the Florida area.

The district contacted an account executive at the post office, and he suggested using the Bound Printed-Matter Rates which are $.36 locally and $.88 for the Florida area.

Cost Savings — Fourth Class:

$2.40	-	$ .69	=	$1.71	x	400	=	$684.00
$2.40	-	$1.44	=	$ .96	x	125	=	$120.00
								$804.00

Cost Savings — Bound printed-matter rates

$ .69	-	$ .36	=	$ .33	x	400	=	$132.00
$1.44	-	$ .88	=	$ .56	x	125	=	$ 70.00
								$202.00

SPECIAL CONSIDERATION: None

ESTIMATED COST SAVINGS: $202 to $804 per mailing.

COMMENTARY: The district has now installed the system of using Bound Printed-Matter Rates when sending any printed material through the mail. They also use the Pre-sort First Class Rate of $.21 for letters and reports cards (if it is a large mailing). The U.S. Postal Service does place different priorities on different types of mailings. It's important to continue to consult with post office officials concerning mailings of district materials.

TITLE: IN-HOUSE SECURITY

DESCRIPTION: By employing a number of part-time off-duty police for security purposes, the district saved a considerable amount of money. They employed their own security force paying them $10 an hour, instead of the $14 per hour which the security firm was charging. An unused district vehicle was used for patrolling the school premises rather than paying a security service $4.50 an hour for a car to patrol, thus resulting in further savings.

SPECIAL CONSIDERATION: Adopting this idea will require the recruitment and the hiring of additional staff.

ESTIMATED COST SAVINGS: The district saved $35,000 a year in contracted costs.

COMMENTARY: It's important that the district carefully examine the pros and cons of hiring their own part-time employees instead of contracting with a private firm. There are advantages and disadvantages to each approach, such as the handling of fringe benefits, labor problems, availability of a work force, etc.

TITLE: ELIMINATION OF REFRESHMENTS AT MEETINGS

DESCRIPTION: One district eliminated district expenditures for refreshments for staff at meetings. These included superintendent's cabinet, department, and faculty meetings. The district no longer supplied coffee, tea, cookies, rolls, etc. The previous year's expenditure was compared to that of the year such "action" took place to ascertain savings.

SPECIAL CONSIDERATION: It's important that those who will be effected understand total costs to the district to be weighed against the benefits.

ESTIMATED COST SAVINGS: The district saved $1,000 per year.

COMMENTARY: Expenditures for refreshments often catch the eye of those in audit and control. Elimination of "frills" sends a strong signal to auditors concerning the district's commitment to frugality.

TITLE: TELEPHONE BILL ANALYSIS

DESCRIPTION: Companies are available that will review the district telephone charges to ensure that all the equipment and line charges the district is paying are accurate. Districts can have telephone bills for equipment analyzed by an auditing specialist. The cost is usually a percentage of the amount received back from the telephone company as overcharges. The typical charge for such a service is 50% of one year's savings on the district bill.

If no overcharge is found, then there is no charge. All future bills are also reduced for an additional savings.

SPECIAL CONSIDERATION: As with all major changes of this type, school board approval will be required.

ESTIMATED COST SAVINGS: $5,000 over a three-year period. Another district saved $1,220 each year.

COMMENTARY: This idea represents a no-risk opportunity for school districts.

TITLE: REVIEW OF EMPLOYEE RETIREMENT CHARGES

DESCRIPTION: Beginning April 1st of each year and ending March 31st of the following year, the district saves 26 diskettes of the non-instructional gross payroll for each pay period. On March 31st the district runs all 26 biweekly gross amounts for each individual so that it can be

matched with the annual printout sent from Albany to test the district's cost for the Employee Retirement System (ERS). This tests the ERS by tier and saves the district money.

SPECIAL CONSIDERATION: In-house payroll system.

ESTIMATED COST SAVINGS: This district saved $13,000 the first year.

COMMENTARY: It is suggested that a test of the system be done on an annual basis.

TITLE: TELEPHONE LISTINGS

DESCRIPTION: Some school districts list their telephone number in the Business-to-Business section of the yellow pages. There is no reason for this cost. Most districts don't pay for any other advertisement, so why in the yellow pages?

SPECIAL CONSIDERATION: None.

ESTIMATED COST SAVINGS: $117.

COMMENTARY: While the savings is small, there should be no effect on the district operation if the ad is terminated.

TITLE: CHANGING TELEPHONE SERVICE

DESCRIPTION: The change in the telephone system was actually initiated in part by the telephone company in an effort to upgrade their computers and other switching equipment. Special services such as call forwarding, call waiting, and special installations billed for under the old

system were provided for without charge under the new system as an added inducement to the district to make the change. Approximately two hundred telephones were involved in the district system.

SPECIAL CONSIDERATION: An important ingredient in the success of this idea is the cooperation of district staff.

ESTIMATED COST SAVINGS: $20,000 per year.

COMMENTARY: A review of the telephone system in each district should be undertaken every few years due to changes in technology and changes in Federal Communicating Commission policy.

FOOD SERVICE

TITLE: CONTRACT FOR DISTRICT FOOD SERVICE

DESCRIPTION: A school district may find that it is operating its food service program at a loss. Food service management firms will enter into a contract for a no cost or monetary return to the district. These firms have financial advantages over district-operated food service. These advantages include less expensive benefit packages offered to their employees, bulk purchasing of food, and the utilization of "spot" markets. School districts are also at a disadvantage due to union contracts and municipal bidding laws. Contractors which operate food service programs at other districts can pull from a greater management pool for expertise.

Districts have reported that the operation of their school cafeterias has caused deficits requiring allocation of funds to keep the program solvent. In contracts with outside vendors, certain provisions can be built into the contact. A district can specify that the program must be self-supporting, must adhere to State and Federal guidelines, must return funds to the school district if there is a surplus, etc. If a surplus is generated, some indirect costs, such as electricity and sanitation can be charged to the school lunch program.

SPECIAL CONSIDERATIONS: It's important to have board of education and P.T.A. support when making such a change in the way children are provided with food services.

ESTIMATED COST SAVINGS: It's possible for a food service operation to run break-even, no-cost level for the district. This idea would be particularly good for those districts that have to support the operation of the food service program from the operating budget. Districts have reported annual savings as high as $32,000 after switching to contractual food services.

COMMENTARY: The district should have an agreement on the employment of its cafeteria staff before entering such an arrangement. Also, a commitment by the contractor to work with community groups is essential. Of course, the contract should include guarantees concerning the type and quality of food being served and the opportunity for

periodic inspection and monitoring of the food service program by school district personnel.

Different districts have had different experiences with outside contractors. One district has been contracting its food service program for ten years, but has had three different contractors during this period of time. Another district reporting on this idea stressed the importance of agreements that insure the hiring of district employees, if there is to be a switch from a district-operated program to an outside vendor.

TITLE: SHARED SERVICES OF A SCHOOL LUNCH DIRECTOR

DESCRIPTION: Two school districts looking to save money in their school lunch programs decided to share a lunch director. There are a total of 10 cafeterias between the two school districts, being managed by one person.

The program has been in effect for 7 years. One district has run its food service program at a profit for each of the 7 years. Part of the reason for this is due to cost-effective management such as cooperative bidding, menus, and training of personnel.

SPECIAL CONSIDERATION: A manageable number of cafeteria locations is important. Before joining districts, the manager should be an employee of one of the districts so that this person is familiar with one operation. The districts involved in the sharing should be contiguous.

ESTIMATED COST SAVINGS: One district saved $35,000 in salary and benefits. Another district using this arrangement saved over $23,000 in one year by sharing its school lunch director.

COMMENTARY: One district would not have been able to afford the level of management expertise it receives had it not entered into this arrangement. Districts entering into such an arrangement should be prepared to pay a higher salary than what normally might be paid to a school lunch director in order to attract a manager with special managerial skills. Districts should also allow time for a "break-in" period while the food service manager becomes accustomed to the policies and procedures of each of the districts involved in the sharing.

APPENDIX A

Surgery on School Services Can Help Districts Save

Cooperative purchases, tight spending controls and efficient staffing are among many possible economies.

By Dennis Murphy

LONG ISLAND VOTERS expressed their displeasure with rising taxes during the past few weeks by defeating 43 of 95 school budgets offered to them. More defeats are likely.

What is sad about this vain attempt to hold down taxes is that the voters will soon learn that their nay vote will have little impact on school spending, the budget or their taxes. Most expenses are "ordinary contingent expenses"—a term used by the New York State Education Department to describe school expenses that must be paid, whether or not a school budget is passed by the voters. It is the state's way of ensuring that the children's education not be interrupted while school boards consider whether to resubmit the budget, changed or unchanged, or adopt an austerity budget.

As one school official said, "Wait until October, when parents get tired of driving their kids to school or have to shell out money for interscholastic sports. They'll have second thoughts about the budget then." Under austerity, school busing under certain limits and interscholastic sports are not funded.

Last year, the public schools in Nassau and Suffolk Counties spent over $3.5 billion to educate close to 400,000 children. Perhaps the first question to be asked by taxpayers is: Can the public schools spend less? In my view, the answer is "probably not." But can they spend the money more efficiently? The answer to this second question, I think, is yes. Here are some recommendations:

• Purchase Cooperatively. Many school districts pool their needs for school supplies, equipment, fuel oil, etc., to utilize their collective buying power to purchase these items at a cost lower than if they went it alone. This is especially useful for small districts. Recently, for example, the Comsewogue schools in Port Jefferson Station joined with 40 Nassau and Westchester County districts to form their own insurance company. By eliminating brokers' fees and insurance company profits, they hope to hold down insurance costs.

• Pursue grants aggressively. In this coming budget year, the Patchogue-Medford schools will raise $2 million in federal and state grants to train new teachers, fight substance abuse, launch prekindergarten programs and provide for before-and after-school care for children. The Lindenhurst schools will be doing many of the same things with the $1.5 million they have raised, as well as retraining teachers to use computers and to promote writing and remedial reading.

• Computerize. About three years ago, the Connetquot district bought a computer to ensure that it was transporting its children to and from school efficiently and economically. The result? A reduction in the number of buses and bus drivers and a savings of nearly $250,000. Effective school districts already have computerized their business offices, student scheduling and inventory control. Computers improve the utilization of

the millions of dollars of people and plant that the public pays for.

• Plan for the long range. Many school districts, because of their need to pass school budgets each year, plan on a one-year cycle. Tom Corioscenti, director of the graduate management program at Polytechnic University, has conducted long-range studies of school districts and says, "School districts forget that the decisions they make today have long-term implications on their budgets. Through long-range planning, districts are better able to anticipate student enrollment patterns, building needs and revenue and expenditure expectations."

• Adopt a no-nonsense approach to spending and saving. Recently, Jack Sexton, assistant superintendent for business with the Freeport schools, was able to build a baseball backstop for $500 instead of the $18,000 that the architect recommended. He had the district build it instead of hiring an outside contractor. Sexton has also found "ways that are completely legal" to invest school district funds that maximize return. He had the maintenance staff install fuel-oil and gas-burner heads on the district's furnaces to take advantage of fluctuating fuel prices. He believes that "you have to be aggressive when you're dealing with people who do business with the schools. You can save a lot of money this way."

• Staff school classroom in more efficient way. Full-time teacher salaries and benefits make up the largest item of expenditure in any school budget. Can the public look for economies in this area? This is a highly volatile issue, often pitting school boards against teachers' unions. Districts need to recruit new teachers at salaries that match those of other districts and meet the demands of new state-mandated curricula while controlling costs in the instructional area. Districts can do this, in part, by holding the line on class sizes, encouraging teachers eligible for early retirement to take it and staffing school classrooms in more efficient ways.

Many districts have union contracts that stipulate what the maximum enrollment will be in any one classroom. Districts adhering to their agreements could operate classes at the maximum, eliminating unneeded teaching positions. Superintendent William Bernard of West Islip recently announced a "retirement window" for 15 teachers. They will each receive a bonus of $20,000, leaving behind 55,000-57,000 salaries at a net savings to the district of 368,000. Lindenhurst has a cadre of permanent substitute teachers. According to Superintendent Anthony Pecorale, "It's a lot cheaper this way and we have more flexibility."

Enrollments will continue to decline, at least through 1995. Districts will have to practice "selective surgery" by opting for larger classes and fewer specialized and advanced-placement courses.

School districts are, for the most part, good and faithful stewards of the tax dollar. From 1978 to 1986, the average cost of living rose at an annual rate of 7.2 percent. School expenditures during this same period of time grew at an average annual rate of 8.5 percent. Often, the increased costs were due to conditions beyond a district's control like dramatically rising insurance premiums, the need to remove hazardous waste from aging school buildings, the rising cost of energy and up to 35 federal, state, and local mandates to provide new programs and fulfill new health requirements.

But, putting aside the thorny questions of the adequacy of state aid and the inequities of a tax system that favors rich districts over poor ones, the question still remains: Can the public schools spend the taxpayers' money more efficiently? The answer, as it would be for any multimillion-dollar corporation that is attempting to deal with changing market conditions and declining resources, has got to be yes.

And, as has been shown, the districts can do it without depriving the children.

APPENDIX B

SCHOOL DISTRICT COST-SAVINGS WHILE PRESERVING EDUCATIONAL QUALITY

The Rules:

1. Identify an administrative practice in your school or district that has resulted in cost savings.

2. By cutting costs in this area, there was no reduction of educational service or quality. For example, by cutting out an educational program as a budget line item, you may have saved money, but this idea does not qualify because you are now providing less service to this category of student.

3. Show, very specifically on the reverse side of this form, how money was saved by identifying the costs before and after you initiated the idea or strategy. The net, of course, is the savings to the taxpayer.

4. Savings could be as low as $5.00 or as high as ?????. We're looking for good ideas that other districts might use. It's the idea that counts, not the total dollars spent.

DISTRICT _____ PHONE _____

NAME _____ TITLE _____ _____

TITLE:

_____

_____

_____

_____

DESCRIPTION OF YOUR IDEA (Briefly, how does it work):

_____

_____

_____

_____

SPECIAL CONSIDERATION (i.e. Union/Board of Education approval, small/large district, budget size, etc.):

ESTIMATED COST SAVINGS (How much and how was the savings computed?):

COMMENTARY (Step back and make general comments on the idea):

Are you willing to help someone implement this idea? YES [ ] NO [ ]

Please feel free to photocopy additional forms as needed. You may submit as many ideas as you wish.

Thank you for your time.

Please return to: Robert McKeen
Harborfields C.S.D.
2 Oldfield Rd.
Greenlawn, NY 11740